

Message Text

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ACTION ABF-01

INFO OCT-01 ARA-10 ISO-00 FSE-00 OPR-02 /014 W

-----202137Z 032219 /75

P 202036Z APR 77

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 1114

UNCLAS BOGOTA 3613

E.O. 11652: N/A

TAGS: A/AFIN

SUBJECT: CURRENCY REVALUATION

REF: TELCON HANNEMAN-CRANDALL OF APRIL 20 A.M.

1. EFFECTIVE APRIL 20 THE COLOMBIAN GOVERNMENT HAS IN EFFECT REVALUED THE PESO BY 10 PERCENT FOR ALL DOLLAR TO PESO EXCHANGES CONSUMED WITHIN A PERIOD OF LESS THAN 30 DAYS. CASH OR CHECK EXCHANGES OF DOLLARS FOR PESOS WILL BE MADE AT THE RATE OF THE DAY LESS 10 PERCENT. HOWEVER, THE PURCHASER HAS THE OPTION OF ACCEPTING A "CERTIFICADO DE CAMBIO" WHICH CAN BE REDEEMED AT ANY TIME AFTER 30 DAYS BUT NOT LATER THAN 180 DAYS AFTER THE TRANSACTION WAS MADE AT THE RATE OF THE DAY ON THE DATE ON WHICH THE DOLLAR AMOUNT WAS PAID. DIPLOMATIC MISSIONS ARE NOT EXEMPTED FROM THIS RULE.

2. AS OF THIS DATE THE GOVERNMENT HAS NOT YET ISSUED "CERTIFICADOS DE CAMBIO"; FOR THE TIME BEING THE BANK WILL ISSUE A RECEIPT FOR THE DOLLAR AMOUNT AND, ACCORDING TO THE BEST INFORMATION AVAILABLE AT THIS TIME, THE RECEIPT WILL BE NEGOTIABLE AFTER 30 DAYS AS IF IT WERE A "CERTIFICADO DE CAMBIO".

3. THE POST WILL MINIMIZE EXPENDITURES BY DEFERRING PAYMENTS IN LOCAL CURRENCY WHERE POSSIBLE AND ALL EXCEPT ESSENTIAL LOCAL PURCHASES. NEVERTHELESS, THERE IS NO UNCLASSIFIED

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WAY TO AVOID A 10 PERCENT INCREASE IN ESSENTIAL OPERATING COSTS FROM THIS DATE UNTIL THE DATE OF MATURITY OF THE FIRST CERTIFICATE OF EXCHANGE PURCHASED TO COVER 30 DAYS IN ADVANCE THE POST'S ESTIMATED OPERATING COSTS IN LOCAL CURRENCY. THE EMBASSY CASHIER NOW HAS ON HAND TREASURY CHECKS IN THE AMOUNT OF \$574,000, AND EXPECTS ROUTINE REPLENISHMENT WITHIN A WEEK IN THE AMOUNT OF \$426,000,

THE DIFFERENCE BETWEEN THE AMOUNT PRESENTLY ON HAND AND THE TOTAL AUTHORIZED AMOUNT OF PRE-POSITIONED CHECKS OF 1,000,000 DOLLARS. THE POST PROPOSES TO PURCHASE THE MAXIMUM POSSIBLE AMOUNT IN CERTIFICATES OF EXCHANGE WITH PRESENTLY AVAILABLE FUNDS AND REQUESTS IMMEDIATE ISSUANCE OF AN ADDITIONAL \$400,000 IN PRE-POSITIONED CHECKS TO BE USED FOR THE PURCHASE OF CERTIFICATES OF EXCHANGE IN ORDER TO MINIMIZE THE PERIOD DURING WHICH THE POST'S OPERATING EXPENSES WILL BE INCREASED BY 10 PERCENT. THE POST'S AVERAGE EXCHANGE OF DOLLARS FOR PESOS PER MONTH IS \$392,467 DURING THE MOST RECENT 6 MONTHS PERIOD.

4. OBVIOUSLY, THIS DEVALUATION WILL PERMANENTLY AFFECT ALL EMPLOYEES WHO CANNOT AFFORD TO BUY PESOS ONE MONTH IN ADVANCE. AT PRESENT THE EMBASSY CASHIER IS AUTHORIZED TO MAKE ACCOMMODATION EXCHANGES ONLY FOR EMERGENCY AND OTHER UNUSUAL SITUATIONS, AND A CASHIER OF THE FNCB IS LOCATED IN THE CHANCERY BUILDING WITH DAILY HOURS FOR ACCOMMODATION EXCHANGES. TO AVOID AN EFFECTIVE INCREASE OF 10 PERCENT IN THE COST OF LIVING FOR GOVERNMENT EMPLOYEES THE POST PROPOSES THAT IT BE AUTHORIZED TO MAKE ACCOMMODATION EXCHANGES WITH FUNDS PURCHASED 30 DAYS IN ADVANCE. FOR THIS PURPOSE IT WILL BE NECESSARY TO RAISE THE AUTHORIZED MAXIMUM OF THE CASHIER'S IMPREST FUND TO ITS PREVIOUSLY AUTHORIZED LIMIT OF \$65,000 AND TO INCREASE THE AUTHORIZED MAXIMUM BANK BALANCE FROM THE PRESENT LIMIT OF 3.3 MILLION PESOS TO AT LEAST 3.6 MILLION PESOS. THE BANK CASHIER IN THE CHANCERY BUILDING

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REPORTS THAT HIS ACCOMMODATION EXCHANGE AVERAGE APPROXIMATELY 10,000 DOLLARS PER DAY.

5. PLEASE ADVISE.
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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